

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Aviation

**AGENDA DATE:** December 10, 2013

**CONTACT PERSON NAME AND PHONE NUMBER:** Monica Lombraña, 780-4724

**DISTRICT(S) AFFECTED:** All Districts

**SUBJECT:**

**APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.**

This item is a Resolution to authorize the City Manager to sign a Fourth Amendment to the Industrial Site Lease by and between the City of El Paso and Avis Rent A Car System, Inc. to allow for an option to extend the Lease through December 31, 2015, and to allow for additional options to extend the lease term for the following described property:

Lot 3 and 3A, Block 1-C, El Paso International Airport Tracts, municipally know and numbered as 6520 Convair Road, El Paso, Texas.

**BACKGROUND / DISCUSSION:**

**Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?**

Avis Rent A Car System, LLC operates the Avis brand vehicle rental concession at the El Paso International Airport. As part of their concession, they maintain a service facility adjacent to the Airport where they wash, vacuum, fuel, and service their fleet. The Department of Aviation is requesting to amend the lease for the service facility, which expires on August 31, 2014, to provide an option to extend through December 31, 2015, to allow Avis to continue to occupy the property from where it operates its administrative and rental vehicle service functions of its airport rental car concession during the time it takes to complete the design and construct the consolidated rental car agency complex (ConRAC).

The ConRAC is scheduled to be completed at the end of 2015. To accommodate for any delays in the construction schedule, the lease amendment also provides for additional options to extend the lease until such time that the new facility will be ready to be occupied by the Lessee.

As this extension is being requested to accommodate the Concessionaire until such time that the ConRAC has been constructed and available for move in, the rental rate will remain as follows:

- 126,963.136 sq. ft. x \$0.7909/annum = \$10,041.51 per year or \$836.79 per month.

It is beneficial to both the Lessor and the Lessee that the Lessee remains at the Airport during the construction of the ConRAC so that the Lessee can continue to provide uninterrupted service to the travelling public using the airport rental car concessions. Under the current concession agreement, the Concessionaire pays the Airport a minimum concession fee of \$893,000.00 per year.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

- 7/24/2012 – Third Amendment to the Industrial Site Lease extended the term of the lease through August 31, 2014, effective on November 2, 2012.
- 10/25/2011 - Award of Vehicle Rental Concession Agreement under Solicitation 2011-239R to Avis Rent A Car System, LLC, effective December 1, 2011.

**AMOUNT AND SOURCE OF FUNDING:**

**How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?**

N/A – This is a revenue-generating item

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**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A  
N/A

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\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

DEPARTMENT HEAD:



Monica Lombraña, A.A.E.  
Director of Aviation

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

*Information copy to appropriate Deputy City Manager*

**RESOLUTION**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

That the City Manager be authorized to sign a Fourth Amendment to the Industrial Site Lease by and between the City of El Paso ("Lessor") and Avis Rent A Car System, Inc. ("Lessee") to allow for an option to extend this Lease through December 31, 2015, and to allow additional options to extend the lease term for the following described property:

Lots 3 and 3-A, Block 1-C, El Paso International Airport Tracts Unit 6 Replat, El Paso, El Paso County, Texas and municipally known and numbered as 6520 Convair Road.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2013.

CITY OF EL PASO

\_\_\_\_\_  
Oscar Leeser  
Mayor

ATTEST:

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Theresa Cullen  
Deputy City Attorney

**APPROVED AS TO CONTENT:**

*Monica Lombraña*  
\_\_\_\_\_  
Monica Lombraña, A. A. E.  
Director of Aviation

STATE OF TEXAS        )  
                                  )  
COUNTY OF EL PASO    )

**FOURTH AMENDMENT TO  
INDUSTRIAL SITE LEASE**

This Fourth Amendment to Industrial Site Lease (“Lease”) by and between the City of El Paso (“Lessor”) and Avis Rent A Car System, Inc. (“Lessee”) is made this \_\_\_\_ day of \_\_\_\_\_, 2013.

**WHEREAS**, effective November 5, 1962, the Lessor entered into an Industrial Site Lease (“Lease”) with Nance Vehicle Rentals, Inc. covering the following described property:

Lot 3, Block 1-C, El Paso International Airport Tracts, City of El Paso, El Paso County, Texas (“Premises”);

**WHEREAS**, the Lease was assigned to Orval W. Story by an Assignment of Lease dated June 11, 1963;

**WHEREAS**, the Lease was assigned to Vehicle Rentals, Inc. by an Assignment of Lease dated October 11, 1967;

**WHEREAS**, on August 22, 1968, the Lease was amended to extend the lease term beginning November 5, 1962, and to change the corporate name of the Lessee to read “Vehicle Rentals, Inc.”;

**WHEREAS**, the Lease was amended on January 24, 1969, to include an additional parcel to the leased Premises, and the Premises are Lots 3 and 3-A, Block 1-C, El Paso International Airport Tracts Unit 6 Replat, El Paso, El Paso County, Texas;

**WHEREAS**, on December 12, 1974, Lessor agreed to a November 12, 1974, Assignment of Lease from Vehicle Rentals, Inc. to Story Enterprises, Inc.;

**WHEREAS**, on August 17, 1982, Lessor consented to the an Assignment of Leasehold Interest and Improvements to O. W. Story;

**WHEREAS**, effective November 15, 1991, a Lessor’s Approval of Assignment was approved consenting to an assignment of the Lease to Avis Rent A Car System, Inc;

**WHEREAS**, Lessor has proposed to construct a consolidated rental agency complex (ConRAC) at the El Paso International Airport (“Airport”), which will be occupied and used by all on-Airport vehicle rental concessionaires, and will therefore eliminate each on-airport vehicle concessionaire’s need for its own maintenance facility;

**WHEREAS**, the Lease was amended effective November 2, 2012, to extend the term of the Lease;

**WHEREAS**, Lessor anticipates that the projected construction for the ConRAC will be completed and all on-Airport vehicle rental concessionaires will be occupying the ConRAC by February, 2016;

**WHEREAS**, because it is beneficial to Lessor for Lessee to remain at the Airport until the construction of the ConRAC is completed and to also have the same expiration date for all on-Airport vehicle rental concessionaires with maintenance facilities at the Airport, Lessor and Lessee desire to amend the Lease to extend the term of the Lease and to allow flexibility in extending the Lease term until the construction of the ConRAC is completed; and

**WHEREAS**, because the proposed extension of the Lease term and the previous extensions of the Lease term, which have been adjusted to accommodate the construction schedules of the ConRAC, do not exceed five (5) years in total, no rental adjustment is required,

**NOW THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Article IV, Term of Leasehold, C OPTIONS TO EXTEND, is amended to read as follows:

C. OPTIONS TO EXTEND. In the event that Lessee is not in default of any terms of this Lease, Lessee shall have the option to extend this Lease through August 31, 2014 (First Option"). Lessee may exercise the First Option Period by notifying Lessor in writing at least thirty (30) days prior to the expiration of the Lease. In the event Lessee exercises its First Option, the Lease shall be extended through August 31, 2014, on the same terms and conditions, except that the Ground Rental shall be adjusted as noted below.

If the First Option is exercised and Lessee is not in default of any terms of this Lease, Lessee shall have the option to extend this Lease through December 31, 2015 ("Second Option Period"). Lessee may exercise the Second Option Period by notifying Lessor in writing at least thirty (30) days prior to the expiration of the of the First Option Period. In the event Lessee exercises this option, the Lease shall be extended on the same terms and conditions, except that Ground Rentals shall be adjusted as noted below.

In addition, after December 31, 2015, Lessor shall have the option, exercisable in its sole and absolute discretion, to extend the term of this Lease for four (4) three (3) month options under the same Lease terms and conditions, except the Ground Rental shall be adjusted as noted below. To exercise any of these additional options, the Director of Aviation ("Director") will give written notice to Lessee of Lessor's intent not less than thirty (30) days prior to the expiration of then current option period of this Lease. If Lessee is not willing to renew for an extension period, Lessee will be released from its obligation to extend the Lease term, provided it gives the Director

written notice of its intent within fifteen (15) days from the receipt of notification of Lessor's intent to exercise the option.

2. Article V, B. Readjustment of Ground Rental, is amended to add *a new paragraph that identifies the annual rental for the First and Second Option Periods and any additional options to extend the Lease at Lessor's request* which shall read as follows:

B. READJUSTMENT OF GROUND RENTAL

*(new paragraph)*

(3) The annual rental for the First and Second Option Period shall be \$10,041.51.

During any three (3) month extension period after December 31, 2015, exercised by Lessor, Lessee shall pay \$836.79 per month.

3. Article VIII, TERMINATION OF LEASE, CANCELLATION, ASSIGNMENT AND TRANSFER, A., TERMINATION, is amended in its entirety as follows:

**A. TERMINATION.** This Lease shall terminate at the end of the full term or any extension thereof. However, after December 31, 2015, should Lessor exercise an option to extend the Lease for a three (3) month option, Lessee may cancel the Lease upon thirty (30) days written notice to Lessor. Lessee shall have no further right or interest in any of the lands or Lessor-constructed improvements. Lessee-constructed improvements shall be governed by the provisions of Article IX.

4. Regardless of the date executed, the Effective Date of this Fourth Amendment to the Industrial Site Lease shall be \_\_\_\_\_, 20\_\_.
5. Except as expressly modified herein all other terms and conditions of the Lease as amended by that Amendment dated August 22, 1968; that Amendment dated January 24, 1969; and that Third Amendment effective November 5, 2012, shall remain in full force and effect and shall remain as written unless expressly modified herein.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]



